

DIRECT TESTIMONY AND EXHIBITS OF
GABY SMITH
ON BEHALF OF
THE SOUTH CAROLINA OFFICE OF REGULATORY STAFF
DOCKET NO. 2018-319-E
IN RE: APPLICATION OF DUKE ENERGY CAROLINAS, LLC
FOR ADJUSTMENTS IN ELECTRIC RATE SCHEDULES AND TARIFFS AND
REQUEST FOR AN ACCOUNTING ORDER

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND OCCUPATION.

A. My name is Gaby Smith. My business address is 1401 Main Street, Suite 900, Columbia, South Carolina, 29201. I am employed by the State of South Carolina as an Audit Manager, in the Audit Department of the South Carolina Office of Regulatory Staff (“ORS”).

Q. PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND YOUR BUSINESS EXPERIENCE.

A. I received a Bachelor of Science Degree in Accounting from the University of South Carolina in May 2006. Prior to joining ORS, I held a variety of positions in finance, accounting, and auditing. I began my employment as an auditor with ORS in July 2009 and have participated in various cases involving the regulation of electric, telecommunication, water and wastewater utilities.

Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA?

1 **A.** Yes. I have previously testified before the Public Service Commission of South
2 Carolina (“Commission”) on Fuel Adjustment Clause, electric, and water rate cases.

3 **Q. WHAT IS THE MISSION OF THE OFFICE OF REGULATORY STAFF?**

4 **A.** ORS represents the public interest as defined by the South Carolina General
5 Assembly as:

6 The concerns of the using and consuming public with respect to public
7 utility services, regardless of the class of customer, and preservation of
8 continued investment in and maintenance of utility facilities so as to provide
9 reliable and high-quality utility services.

10 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS**
11 **PROCEEDING?**

12 **A.** The purpose of my testimony is to set forth the findings and recommendations
13 resulting from ORS’s examination of the application of Duke Energy Carolinas, LLC
14 (“Company” or “DEC”), in Docket No. 2018-319-E. These findings and recommendations
15 are explained in detail in my testimony and attached exhibits.

16 **Q. PLEASE DESCRIBE THE PROCEDURES USED TO PERFORM THE**
17 **EXAMINATION OF THE COMPANY’S APPLICATION.**

18 **A.** ORS’s examination of the Company’s Application for Adjustments in Electric Rate
19 Schedules and Tariffs and Request for an Accounting Order (“Application”) consisted of
20 three major steps. In step one, ORS verified that the operating experience and rate base,
21 reported by the Company in its Application, were supported by the Company’s accounting
22 books and records for the test year. In the second step, ORS tested the underlying
23 transactions in the books and records for the same period to ensure that the transactions
24 were adequately supported, had a stated business purpose, were allowable for ratemaking
25 purposes and were properly recorded. Lastly, our examination consisted of adjusting, as

necessary, the revenues, expenditures and capital investments to normalize the Company's operating experience and rate base in accordance with generally accepted regulatory principles and prior Commission orders.

Q. PLEASE IDENTIFY THE EXHIBITS ATTACHED TO YOUR TESTIMONY.

A. I have attached the following exhibits to my testimony relating to the total Company per books and South Carolina ("SC") retail per books:

- Audit Exhibit GS-1: Operating Experience, Rate Base and Rate of Return Reflecting ORS's Proposed Increase
- Audit Exhibit GS-2: Explanation of Accounting and Pro Forma Adjustments - Retail
- Audit Exhibit GS-3: Electric Plant in Service at Original Cost
- Audit Exhibit GS-4: Accumulated Depreciation and Amortization – Electric Plant in Service
- Audit Exhibit GS-5: Materials and Supplies
- Audit Exhibit GS-6: Working Capital Investment
- Audit Exhibit GS-7: Weighted Cost of Capital
- Audit Exhibit GS-8: Operating Experience, Rate Base and Rate of Return Reflecting Company's Proposed Increase

These exhibits were either prepared by me, or under my direction and supervision, in compliance with recognized accounting and regulatory procedures for electric utility rate cases. These exhibits show various aspects of DEC's operations and financial position.

Q. PLEASE DESCRIBE THE FORMAT OF AUDIT EXHIBIT GS-1 AND ELABORATE ON THE CALCULATIONS.

1 **A.** Audit Exhibit GS-1 shows DEC's operating experience, rate base and rate of return
2 for total Company per books and SC retail per books for the test year ended December 31,
3 2017. Note, that for presentation purposes, all exhibits report dollar amounts in thousands
4 (000's omitted).

5 The exhibit's format is designed to reflect total Company per book operations, SC
6 retail per books, the ORS accounting and pro forma adjustments necessary to normalize test
7 year operations and the ORS proposed increase.

8 Column (1) shows total Company per books electric operations. ORS verified
9 operating revenue of \$7,315,231,000, total operating expenses of \$5,776,431,000 and net
10 operating income for return \$1,538,800,000. Total rate base amounted to \$19,021,340,000.
11 Total Company per books rate of return of 8.09% was calculated by dividing the net
12 operating income for return by the total rate base.

13 Column (2) shows the allocation of total Company per books to SC retail per books
14 as verified by the ORS Utility Rates Department. Using SC retail per books, net operating
15 income for return was \$355,021,000 and total rate base was \$4,454,360,000, resulting in a
16 rate of return of 7.97% and a return on common equity of 10.93%.

17 Column (3) shows ORS accounting and pro forma adjustments for SC retail
18 operations. Each adjustment is shown in Audit Exhibit GS-2 and explained further in
19 testimonies of various ORS witnesses.

20 Column (4) shows the Company's SC retail operations after ORS accounting and pro
21 forma adjustments by combining columns (2) and (3). Using net operating income for return
22 of \$323,617,000 and total rate base of \$5,443,353,000 a rate of return of 5.95% was
23 computed. The corresponding return on common equity was 7.28%.

Column (5) shows ORS's proposed increase along with the resultant tax and customer growth adjustments for SC retail operations. Each of these adjustments is shown in Audit Exhibit GS-2.

Column (6) details the results of SC retail operations after the ORS proposed increase by combining columns (4) and (5). Using net operating income for return of \$381,895,000, and total rate base of \$5,443,353,000, a rate of return of 7.02% was calculated. The corresponding return on common equity was 9.30%.

Q. PLEASE EXPLAIN THE ADJUSTMENTS IN AUDIT EXHIBIT GS-2.

A. Explanations of the ORS accounting and pro forma adjustments are presented on a SC retail basis for both ORS and the Company. The ORS Utility Rates Department verified the SC retail allocated amounts and reviewed the revenue, fuel related and other various adjustments, as noted in the explanation for each adjustment. Additionally, certain adjustments, as noted, will be discussed by ORS Audit Department witness Zachary Payne. As shown on Audit Exhibit GS-2, the ORS adjustment numbers are the same as those filed by the Company in its Application. ORS also proposed several additional adjustments based on review of the Company's books and records. The adjustments are as follows:

Adjustment #1 – Annualize Retail Revenues for Current Rates – The Company proposes to adjust electric operating revenue by (\$46,477,000), general taxes by (\$206,000) and income taxes by (\$11,545,000). ORS proposes to adjust electric operating revenue by \$4,461,000, general taxes by \$20,000 and income taxes by \$1,108,000 based on the Company's supplemental changes to operating income and rate base. This adjustment was reviewed by the ORS Utility Rates Department.

1 Adjustment #2 – Update Fuel Costs to Proposed Rates – The Company proposes to adjust
2 electric operating revenue by \$3,186,000, fuel used in electric generation by (27,433,000),
3 income taxes by \$7,639,000 and working capital by (\$35,976,000), and accumulated
4 deferred taxes by \$1,997,000 to ensure that no fuel related expenses recoverable through
5 the annual fuel clause are included in this rate increase request. ORS proposes to adjust
6 electric operating revenues by \$3,186,000, fuel used in electric generation by \$23,771,000,
7 income taxes by (\$5,136,000), working capital by (\$35,976,000), and deferred income
8 taxes by \$1,997,000 based on the Company’s supplemental changes to operating income
9 and rate base filed with the Commission. The change was based on the new approved fuel
10 and fuel related cost rate as of October 1, 2018 approved in Docket No. 2018-3-E. The
11 Company’s original adjustments in the application were based on rates approved in Docket
12 No. 2017-3-E.

13 Adjustment #3 – Adjust Other Revenues – Subsequent to filing the application, the Company
14 proposed to adjust electric operating revenue by (\$2,735,000), other operation and
15 maintenance (“O&M”) expense by (\$4,000), general taxes by (\$8,000), and income taxes by
16 (\$679,000). ORS agrees with the Company’s adjustment. This adjustment was reviewed by
17 the ORS Utility Rates Department.

18 Adjustment #4 – Adjust the Amount of Construction Work in Process (CWIP) included in
19 Rate Base - The Company proposes to adjust CWIP by \$315,850,000 as of December 31,
20 2018. ORS proposes to adjust CWIP by \$312,295,000 as of December 31, 2018. The
21 Company’s adjustment initially included three months of estimated costs. ORS’s adjustment
22 was based on the Company’s updated actual costs as of December 31, 2018.

1 Adjustment #5 – Eliminate Unbilled Revenues – ORS and the Company propose to adjust
2 electric operating revenue by (\$63,683,000), general taxes by (\$174,000), and income taxes
3 by (\$15,845,000) to eliminate unbilled revenues. This adjustment was reviewed by the ORS
4 Utility Rates Department.

5 Adjustment #6 – Adjust for Costs Recovered through Non-fuel Riders – The Company and
6 ORS propose to adjust electric operating revenues by (\$12,862,000), other O&M expense
7 by (\$52,053,000), and income taxes by \$9,778,000 to remove amounts that are recovered
8 through other non-fuel riders related to Energy Efficiency and Demand Side Management
9 Programs.

10 Adjustment #7 – Carolina West Control Center Deferral Amortization - The Company
11 proposes to adjust depreciation and amortization by \$1,781,000, income taxes by
12 (\$444,000), working capital investment by \$3,563,000, and accumulated deferred taxes by
13 (\$889,000). ORS proposes to adjust depreciation and amortization by \$168,000, income
14 taxes by (\$42,000), working capital investment by \$3,501,000, and accumulated deferred
15 taxes by (\$874,000). This adjustment is discussed in more detail by ORS witness Zachary
16 Payne and ORS witness Willie Morgan.

17 Adjustment #8 – Annualize Depreciation on Year End Plant Balances – The Company and
18 ORS propose to adjust depreciation and amortization by \$9,059,000, income taxes by
19 (\$2,260,000), amortization of investment tax credits (“ITC”) by \$9,000, and accumulated
20 depreciation and amortization by (\$9,059,000) to annualize depreciation on year end plant
21 balances and reflect a full year of depreciation expense on plant in service as of the end of
22 the test period. This adjustment was reviewed by the ORS Utility Rates Department.

1 Adjustment #9 – Annualize Property Taxes on Year End Plant Balances – The Company and
2 ORS propose to adjust general taxes by \$3,538,000 and income taxes by (\$883,000). This
3 adjustment adjusts general taxes and income taxes to reflect an annual level of expense for
4 property taxes based on the end of the test period level of plant investment and additions.

5 Adjustment #10 – Adjust for New Depreciation Rates - The Company and ORS propose to
6 adjust depreciation and amortization by \$13,304,000, income taxes by (\$3,319,000),
7 accumulated depreciation and amortization by (\$10,412,000), working capital investment
8 by \$5,784,000 and accumulated deferred taxes by (\$1,443,000). This adjustment reflects
9 the impact of the updated depreciation rates resulting from the Company's implementation
10 of the newest depreciation study. This adjustment was reviewed by the ORS Utility Rates
11 Department.

12 Adjustment #11 – Adjust for Post Test Year Additions to Plant in Service – The Company
13 proposes to adjust depreciation and amortization by \$17,583,000, general taxes by
14 \$3,219,000, income taxes by (\$5,190,000), electric plant in service by \$477,583,000, and
15 accumulated depreciation and amortization by (\$17,595,000) for projected property
16 additions made through December 31, 2018. ORS proposes to adjust depreciation and
17 amortization by \$16,304,000, general taxes by 3,443,000, income taxes by (\$4,927,000),
18 electric plant in service by \$492,169,000, and accumulated depreciation and amortization
19 by (\$16,304,000) based on updated actual property additions through December 31, 2018
20 provided by the Company. This adjustment was reviewed by the ORS Utility Rates
21 Department.

22 Adjustment #12 – Reflect 2017 Lee Combined Cycle Addition to Plant – The Company
23 proposes to adjust other O&M expense by \$723,000, depreciation and amortization by

1 \$3,947,000, general taxes by \$810,000, income taxes by (\$1,367,000), electric plant in
2 service by \$143,531,000, accumulated depreciation and amortization by (\$3,947,000),
3 materials and supplies by \$828,000, and accumulated deferred taxes by (\$15,632,000) for
4 the projected plant additions made through December 31, 2018. ORS proposes to adjust
5 other O&M expense by \$723,000, depreciation and amortization by \$4,346,000, general
6 taxes by \$817,000, income taxes by (\$1,469,000), electric plant in service by
7 \$144,877,000, accumulated depreciation and amortization by (\$4,346,000), materials and
8 supplies by \$828,000, and accumulated deferred taxes by (\$17,837,000) based on actual
9 plant additions made through December 31, 2018 as provided by the Company. This
10 adjustment was reviewed by the ORS Utility Rates Department.

11 Adjustment #13 – Amortize Deferred Cost Balance Related to Lee Combined Cycle – The
12 Company proposes to adjust depreciation and amortization by \$7,154,000, income taxes by
13 (\$1,785,000), working capital investment by \$14,309,000, and accumulated deferred taxes
14 by (\$3,570,000) to amortize the deferred cost balance related to the Lee Combined Cycle
15 (“LCC”). ORS proposes to adjust depreciation and amortization by \$563,000, income taxes
16 by (\$140,000), working capital investment by \$14,473,000, and accumulated deferred taxes
17 by (\$3,611,000) to amortize the deferred cost balance related to the LCC. This adjustment is
18 discussed in more detail by ORS witness Willie Morgan and ORS witness Zachary Payne.

19 Adjustment #14 – Adjust for Lee Nuclear Amortization – The Company proposes to adjust
20 depreciation and amortization by \$10,399,000, income taxes by (\$2,594,000), working
21 capital by \$114,386,000, land held for future use by \$9,863,000, and accumulated
22 depreciation and amortization by (\$28,539,000). ORS proposes to adjust depreciation and

1 amortization by \$10,383,000, income taxes by (\$2,591,000), and land held for future use by
2 \$9,863,000. This adjustment is discussed in more detail by ORS witness Willie Morgan.

3 Adjustment #15 – Adjust Reserve for End of Life Nuclear Costs – The Company proposes
4 to adjust depreciation and amortization by \$6,975,000, income taxes by (\$1,740,000),
5 working capital by \$6,975,000, and accumulated deferred taxes by (\$1,740,000) to adjust the
6 reserve for end of life nuclear costs. ORS does not propose an adjustment. This adjustment
7 is discussed in more detail by ORS witness Willie Morgan.

8 Adjustment #16 – Adjust Coal Inventory – The Company and ORS propose to adjust
9 materials and supplies by \$2,362,000 for coal inventory. This adjustment was reviewed by
10 the ORS Utility Rates Department.

11 Adjustment #17 – Adjust for Approved Regulatory Assets and Liabilities – The Company
12 and ORS propose to adjust other O&M expense by (\$113,000), depreciation and
13 amortization by (\$6,256,000), and income taxes by \$1,589,000 for approved regulatory
14 assets and liabilities. The adjustment to depreciation and amortization expense reflects the
15 elimination of test year costs for regulatory assets that will be fully amortized before rates
16 go into effect June 1, 2019. ORS reviewed the adjustment as it was proposed by the
17 Company and agrees that the removal of these amounts are necessary to reflect the
18 Company's operating experience going forward.

19 Adjustment #18 – Amortize Deferred Environmental Costs – The Company proposes to
20 adjust depreciation and amortization by \$48,381,000, income taxes by (\$12,071,000),
21 working capital investment by \$193,522,000, and accumulated deferred taxes by
22 (\$48,284,000) to amortize the deferred environmental costs. ORS proposes to adjust
23 depreciation and amortization by \$19,226,000, income taxes by (\$4,797,000), working

capital investment by \$75,232,000, and accumulated deferred taxes by (\$18,770,000) to amortize deferred environmental costs. This adjustment is discussed in more detail by ORS witness Zachary Payne.

Adjustment #19 – Amortize Deferred Cost Balance Related to SC AMI – The Company proposes to adjust depreciation and amortization expense by \$12,626,000, income taxes by (\$3,150,000), working capital by \$25,252,000, and accumulated deferred taxes by (\$6,300,000) to amortize the deferred cost balance related to SC AMI. ORS proposes to adjust depreciation and amortization expense by \$2,175,000, income taxes by (\$543,000), working capital by \$19,210,000, and accumulated deferred taxes by (\$4,793,000) to amortize the deferred cost balance related to SC AMI. This adjustment is discussed in more detail by ORS witness Zachary Payne.

Adjustment #20 – Normalize for Storm Costs - The Company proposes to adjust other O&M expense by \$1,261,000 and income taxes by (\$315,000) to normalize for storm costs. ORS proposes to adjust other O&M expense by \$966,000 and income taxes by (\$241,000). This adjustment is discussed in more detail by ORS witness Willie Morgan.

Adjustment #21 – Annualize O&M Non-labor Costs – The Company proposes to adjust other O&M expense by \$2,420,000 and income taxes by (\$604,000) to reflect the impact of inflation on test year expenses. ORS does not propose to make this adjustment since it is based on projected and estimated data rather than known and measurable expenses.

Adjustment #22 – Normalize O&M Labor Expenses – The Company proposes to adjust other O&M expense by \$10,502,000, general taxes by \$729,000, and income taxes by (\$2,802,000) to normalize O&M labor expenses as of July 1, 2018. ORS proposes to adjust other O&M expense by (\$7,083,000), general taxes by \$643,000, and income taxes by

1 \$1,607,000 to normalize O&M labor expenses and to remove 50% of long and short term
2 incentive program costs as of July 1, 2018. The adjustment to normalize O&M labor costs
3 was calculated by subtracting test year O&M labor costs from the Company's O&M labor
4 costs as of July, 1, 2018 to reflect the Company's normalized O&M labor costs going
5 forward. In addition to updating the salary levels to the July 1, 2018 date, ORS proposes
6 updating the salary allocator for DEC to the same date. Lastly ORS proposes removing 50%
7 of the Company's long and short term incentive ("LTI" and "STI") program costs incurred
8 as of July 1, 2018 due to 50% of the incentives being attributable to Company earnings. This
9 resulted in an ORS adjustment of (\$15,428,000) to incentive program costs. Normalizing
10 labor and removing incentives attributable to earnings represents the majority of the
11 difference between the Company's proposed adjustment to O&M labor costs and ORS's
12 proposed adjustment to O&M labor costs.

13 Adjustment #23 – Update Benefit Costs – The Company proposes to adjust other O&M
14 expense by (\$48,000), and income taxes by \$12,000 to reflect an updated annual level of
15 pension, other post-employment benefits ("OPEB"), active medical, FAS112, and non-
16 qualified pension benefits expense. ORS proposes to adjust other O&M expense by
17 (\$1,816,000), and income taxes by \$453,000 to reflect an updated annual level of pension,
18 OPEB, active medical, FAS112, and non-qualified pension benefits expense. There are two
19 primary reasons for the difference in the Company and ORS's proposed adjustments. First,
20 ORS's proposed adjustment includes actual 2018 active medical expense, while the
21 Company's proposed adjustment included estimated 2018 active medical expense at the time
22 the Company filed the application. Second, the Company used the incorrect percentage of

costs applicable to O&M when calculating their adjustment in their application. ORS identified the correct percentage and used it in calculating this adjustment.

Adjustment #24 – Levelize Nuclear Refueling Outage Costs – The Company and ORS propose to adjust other O&M expense by (\$1,160,000) and income tax by \$289,000 for nuclear refueling outage costs. This adjustment was reviewed by the ORS Utility Rates Department.

Adjustment #25 – Amortize Rate Case Costs – The Company proposes to adjust depreciation and amortization by \$770,000, income taxes by (\$192,000), working capital by \$2,949,000, and accumulated deferred taxes by (\$736,000) to amortize current rate case expenses over a five-year period. ORS proposes to adjust depreciation and amortization by \$268,000, income taxes by (\$67,000), working capital by (\$728,000), and accumulated deferred taxes by \$182,000 to amortize current rate case expenses over a five-year period and remove rate case expenses from rate base. The Company's adjustment in the application included projected rate case expenses. The Company provided support for \$1,851,000 of actual rate case expenses through December 31, 2018. Of the actual rate case expenses support was provided for, ORS disallowed \$512,313 due to the Company failing to provide sufficient supporting documentation. The Company included \$728,000 of rate case expenses in rate base during the test year. Additionally, the Company proposes to include all remaining rate case expenses in rate base. ORS does not propose to include rate case expenses in rate base as the expenses are related to O&M and are not capital in nature.

Adjustment #26 – Adjust Aviation Expenses – ORS and the Company propose to adjust other O&M expense by (\$773,000), general taxes by (\$8,000), and income taxes by \$195,000 for

aviation expenses. This adjustment removes corporate aviation and helicopter expenses that benefit shareholders rather than customers.

Adjustment #27- Open

Adjustment #28 – Adjust for Credit Card Fees – The Company proposes to adjust other O&M expense by \$3,162,000 and income taxes by (\$789,000) to adjust for credit card fees. ORS proposes to adjust other O&M expense by \$2,517,000 and income taxes by (\$628,000) to adjust for credit card fees. ORS did not include the Company's growth projections in its calculation of credit card fee expenses since they are not known and measurable.

Adjustment #29 – Adjust O&M for Executive Compensation – The Company proposes to adjust other O&M expense by (\$948,000), and income taxes by \$237,000 to eliminate 50% of the compensation (base pay, LTI and STI) of the four DEC executives with the highest level of compensation. ORS proposes to adjust other O&M expense by (\$134,000), and income taxes by \$33,000 to eliminate 50% of the base pay of the four DEC executives with the highest level of compensation. ORS does not remove the LTI and STI payments to these four executives in this adjustment, since these expenses were already removed in Adjustment #22.

Adjustment #30 – Adjust for Customer Connect Additional Expense and Deferral – The Company proposes to adjust other O&M expense by \$4,025,000, depreciation and amortization by \$1,796,000, income taxes by (\$1,452,000), working capital by \$3,592,000, and accumulated deferred taxes by (\$896,000) to adjust for Customer Connect additional O&M expenses and to amortize deferred costs. ORS proposes to adjust depreciation and amortization by \$1,063,000, and income taxes by (\$265,000) to adjust for the amortization

of deferred costs related to Customer Connect. This adjustment is discussed in more detail by ORS witness Zachary Payne.

Adjustment #31 – Adjust vegetation management expenses – The Company proposes to adjust other O&M expenses by \$5,650,000 and income taxes by (\$1,410,000) for increased vegetation management expenses that were not included in the test period. ORS proposes to adjust other O&M expense by \$4,878,000 and income taxes by (\$1,217,000). The Company included projected costs through December 31, 2018 in its adjustment. ORS's adjustment includes actual costs through December 31, 2018 that were provided by the Company. This adjustment was reviewed by the ORS Utility Rates Department.

Adjustment #32 – Adjust Income Taxes to Synchronize Interest Expense for the Adjusted Test Year Rate Base – The Company proposes to adjust income taxes by (\$4,526,000) to synchronize interest expense for the adjustments to rate base. ORS proposes to adjust income taxes by (\$2,934,000) for the increase in synchronized interest expense. ORS computed annualized interest expense of \$114,728,000, less per book interest expense of \$102,970,000, resulting in an increase to interest expense of \$11,758,000. The tax rate of 24.95% was applied to this amount for a total decrease in taxes of (\$2,934,000). The allowable interest expense was computed using the SC retail rate base after ORS adjustments, a long-term debt ratio of 47%, and a weighted cost of debt of 4.44% as shown in Audit Exhibit GS-7.

Adjustment #33 – Adjust 1/8 O&M for Accounting and Pro-Forma Adjustments – The Company proposes to adjust working capital investment by (\$6,752,000) to reflect 1/8 (12.5%) of O&M expenses after accounting and pro forma adjustments. ORS proposes an

adjustment of (\$4,052,000) to working capital which reflects ORS's adjustments to O&M expenses.

Adjustment #34 – Adjust for Tax Rate Change – The Company and ORS propose to adjust income taxes by (\$52,097,000) and accumulated deferred taxes by \$32,568,000 due to the Federal corporate tax rate change from 35 percent to 21 percent.

Adjustment #35 – Amortize Deferred Cost Balance Related to SC Grid – The Company proposes to adjust depreciation and amortization by \$3,356,000, income taxes by (\$837,000), working capital investment by \$3,356,000, and accumulated deferred taxes by (\$837,000) to amortize the deferred cost balance related to SC grid. ORS proposes to adjust depreciation and amortization by \$1,181,000, income taxes by (\$295,000), working capital investment by \$2,475,000, and accumulated deferred taxes by (\$618,000) to amortize the deferred cost balance related to SC grid. This adjustment is discussed by ORS witness Anthony Sandonato and ORS witness Zachary Payne.

Adjustment #36 – Remove Certain Expenses – ORS proposes to adjust other O&M expense by (\$2,399,000) and income taxes by \$599,000 to disallow sponsorships, lobbying expenses, service awards, advertising and other miscellaneous items as ORS considers these items non-allowable and not necessary to provide electric service to ratepayers. Subsequent to filing the application, the Company proposed an adjustment to other O&M expense of (\$227,000) and income taxes of \$57,000 to remove certain non-allowable expenses.

Adjustment #37 – Customer Growth – The Company proposes to adjust customer growth by \$2,330,000 to reflect customer growth after accounting and pro forma adjustments by using net income for return and a customer growth factor of 0.9008%. ORS proposes to adjust

customer growth by \$2,889,000. This adjustment is discussed in more detail by ORS witness Michael Seaman-Huynh.

Adjustment #38 – Adjust Revenue, Taxes, and Customer Growth for the Proposed Increase

– The Company proposes to adjust electric operating revenue by \$230,807,000, general taxes by \$1,023,000, income taxes by \$57,331,000, and customer growth by \$1,553,000 for the proposed revenue increase. ORS proposes to adjust electric operating revenue by \$77,302,000, general taxes by \$342,000, income taxes by \$19,202,000, and customer growth by \$520,000 for the ORS proposed revenue increase and to achieve a return on common equity of 9.3% as recommended by ORS witness David Parcell.

Q. PLEASE DESCRIBE THE REMAINING AUDIT EXHIBITS.

A. Audit Exhibit GS-3 details the computation of DEC's South Carolina retail electric plant in service as adjusted by ORS. Audit Exhibit GS-4 details the computation of DEC's South Carolina retail electric accumulated depreciation and amortization – electric plant in service as adjusted by ORS. Audit Exhibit GS-5 details the calculation of DEC's South Carolina retail material and supplies as adjusted by ORS. Audit Exhibit GS-6 details DEC's South Carolina retail working capital investment as adjusted by ORS. Audit Exhibit GS-7 details the calculation DEC's South Carolina retail weighted cost of capital as adjusted by ORS. Audit Exhibit GS-8 details the Company's operating experience, rate base and rate of return for the test year. The exhibit's format is designed to reflect the application per books, ORS's proposed accounting and pro forma adjustments necessary to normalize the results of the Company's test year operations, and the results of the Company's proposed increase as recalculated by ORS.

Q. WILL YOU UPDATE YOUR TESTIMONY BASED ON INFORMATION THAT

BECOMES AVAILABLE?

A. Yes. ORS fully reserves the right to revise its recommendation via supplemental testimony should new information become available not previously provided by the Company.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.

Duke Energy Carolinas, LLC
Operating Experience, Rate Base and Rate of Return Reflecting ORS' Proposed Increase
Total and Retail Electric
For the Test Year Ended December 31, 2017
Docket No. 2018-319-E

		TOTAL ELECTRIC - NC & SC		(000's Omitted)					
		(1)	(2)	(3)	(4)	(5)	(6)		
		Total Company	SC	ORS	After ORS	ORS	After		
Line No.	Description	Per Books	Retail Per Books	Accounting & Pro Forma Adjustments	Accounting & Pro Forma Adjustments	Proposed Increase	Proposed Increase	Proposed Increase	Proposed Increase
1	<u>Operating Revenues</u>	\$ 7,315,231	\$ 1,733,770	(71,633)	\$ 1,662,137	\$ 77,302	(R)	\$ 1,739,439	
2	<u>Operating Expenses:</u>								
3	Fuel Used in Electric Generation	\$ 1,473,809	\$ 338,575	23,771	\$ 362,346	0	\$ 362,346		
4	Purch. Pwr. & Net Interch. (Non-Fuel)	348,770	85,559	0	85,559	0	85,559		
5	Other O&M Expenses	1,920,225	469,026	(56,183)	412,843	0	412,843		
6	Depreciation & Amortization	1,134,170	251,518	71,516	323,034	0	323,034		
7	General Taxes	277,321	85,270	8,271	93,541	342	(S)	93,883	
8	Interest on Customer Deposits	8,500	1,023	0	1,023	0	1,023		
9	Income Taxes	618,934	149,043	(84,724)	64,319	19,202	(T)	83,521	
10	Amort. of Investment Tax Credit	(5,298)	(1,265)	9	(1,256)	0		(1,256)	
11	<u>Total Operating Expenses</u>	\$ 5,776,431	\$ 1,378,749	(37,340)	\$ 1,341,409	19,544		\$ 1,360,953	
12	<u>Operating Income</u>	1,538,800	355,021	(34,293)	320,728	57,758		378,486	
13	<u>Customer Growth</u>	0	0	2,889	2,889	520	(U)	3,409	
14	<u>Net Operating Income for Return</u>	\$ 1,538,800	\$ 355,021	(31,404)	\$ 323,617	\$ 58,278		\$ 381,895	
15	<u>Rate Base:</u>								
16	Gross Plant in Service	\$ 38,056,481	\$ 9,087,105	637,046	\$ 9,724,151	0	\$ 9,724,151		
17	Accum. Depr. & Amort.	(15,274,676)	(3,675,901)	(40,121)	(3,716,022)	0	(3,716,022)		
18	Net Plant in Service	22,781,805	5,411,204	596,925	6,008,129	0	6,008,129		
19	Materials & Supplies	1,010,030	233,810	3,190	237,000	0	237,000		
20	Working Capital Investment	(1,697,174)	(401,737)	79,919	(321,818)	0	(321,818)		
21	Plant Held for Future Use	14,835	3,974	9,863	13,837	0	13,837		
22	Nuclear Fuel	527,459	130,305	0	130,305	0	130,305		
23	Accumulated Deferred Taxes	(3,428,625)	(877,452)	(13,199)	(890,651)	0	(890,651)		
24	Operating Reserves	(343,589)	(82,616)	0	(82,616)	0	(82,616)		
25	Customer Deposits	0	0	0	0	0	0		
26	Construction Work In Progress	156,599	36,872	312,295	349,167	0	349,167		
27	<u>Total Rate Base</u>	\$ 19,021,340	\$ 4,454,360	988,993	\$ 5,443,353	0	\$ 5,443,353		
28	<u>Rate of Return</u>	8.09%	7.97%		5.95%		7.02%		
29	<u>Return on Common Equity</u>		10.93%		7.28%		9.30%		

Duke Energy Carolinas, LLC
Explanation of Accounting and Pro Forma Adjustments - Retail
For the Test Year Ended December 31, 2017
Docket No. 2018-319-E
(000's Omitted)

Adj. No.	Description	(1) Electric Operating Revenue	(2) Fuel Used in Electric Gen.	(3) Purchased Power and Net Interchge.	(4) Other O&M Expense	(5) Deprec. and Amort.	(6) General Taxes	(7) Income Taxes	(8) Amort. of ITC	(9) Cust. Growth	(10) Electric Plant in Service	(11) Accum. Deprec. and Amort.	(12) Materials and Supplies	(13) Working Capital	(14) Land Held for Future Use	(15) Accum. Deferred Taxes	(16) Oper. Resv.	(17) CWIP
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
1	Annualize Retail revenues for current rates																	
	Per ORS	4,461					20	1,108										
	Per Company	(46,477)					(206)	(11,545)										
2	Update fuel costs to approved rate and other fuel related adjustments																	
	Per ORS	3,186	23,771					(5,136)						(35,976)		1,997		
	Per Company	3,186	(27,433)					7,639						(35,976)		1,997		
3	Adjust Other Revenue																	
	Per ORS	(2,735)			(4)		(8)	(679)										
	Per Company	0			0		0	0										
4	Adjust the amount of CWIP included in rate base																	
	Per ORS																	312,295
	Per Company																	315,850
5	Eliminate unbilled revenues																	
	Per ORS	(63,683)					(174)	(15,845)										
	Per Company	(63,683)					(174)	(15,845)										
6	Adjust for costs recovered through non-fuel riders																	
	Per ORS	(12,862)			(52,053)			9,778										
	Per Company	(12,862)			(52,053)			9,778										
7	Amortize deferred cost balance related to Carolinas West Control Center																	
	Per ORS					168		(42)						3,501		(874)		
	Per Company					1,781		(444)						3,563		(889)		
8	Annualize depreciation on year end plant balances																	
	Per ORS					9,059		(2,260)		9						(9,059)		
	Per Company					9,059		(2,260)		9						(9,059)		
9	Annualize property taxes on year end plant balances																	
	Per ORS						3,538	(883)										
	Per Company						3,538	(883)										
10	Adjust for new depreciation rates																	
	Per ORS					13,304		(3,319)						5,784		(1,443)		
	Per Company					13,304		(3,319)						5,784		(1,443)		

Duke Energy Carolinas, LLC
Explanation of Accounting and Pro Forma Adjustments - Retail
For the Test Year Ended December 31, 2017
Docket No. 2018-319-E
(000's Omitted)

Adj. No.	Description	(1) Electric Operating Revenue	(2) Fuel Used in Electric Gen.	(3) Purchased Power and Net Interchge.	(4) Other O&M Expense	(5) Deprec. and Amort.	(6) General Taxes	(7) Income Taxes	(8) Amort. of ITC	(9) Cust. Growth	(10) Electric Plant in Service	(11) Accum. Deprec. and Amort.	(12) Materials and Supplies	(13) Working Capital	(14) Land Held for Future Use	(15) Accum. Deferred Taxes	(16) Oper. Resv.	(17) CWIP
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
11	Adjust for post test year additions to plant in service																	
	Per ORS					16,304	3,443	(4,927)			492,169	(16,304)						
	Per Company					17,583	3,219	(5,190)			477,583	(17,595)						
12	Reflect 2017 Lee Combined Cycle addition to plant in service																	
	Per ORS		723			4,346	817	(1,469)			144,877	(4,346)	828			(17,837)		
	Per Company		723			3,947	810	(1,367)			143,531	(3,947)	828			(15,632)		
13	Amortize deferred cost balance related to Lee Combined Cycle																	
	Per ORS					563		(140)								(3,611)		
	Per Company					7,154		(1,785)						14,473		(3,570)		
											14,309							
14	Adjust for Lee Nuclear amortization																	
	Per ORS					10,383		(2,591)						0	9,863	0		
	Per Company					10,399		(2,594)						114,386	9,863	(28,539)		
15	Adjust reserve for end of life nuclear costs																	
	Per ORS					0		0						0		0		
	Per Company					6,975		(1,740)						6,975		(1,740)		
16	Adjust coal inventory																	
	Per ORS												2,362					
	Per Company												2,362					
17	Adjust for approved regulatory assets and liabilities																	
	Per ORS		(113)			(6,256)		1,589										
	Per Company		(113)			(6,256)		1,589										
18	Amortize deferred environmental costs																	
	Per ORS					19,226		(4,797)						75,232		(18,770)		
	Per Company					48,381		(12,071)						193,522		(48,284)		
19	Amortize deferred cost balance related to SC AMI																	
	Per ORS					2,175		(543)						19,210		(4,793)		
	Per Company					12,626		(3,150)						25,252		(6,300)		
20	Normalize for storm costs																	
	Per ORS		966					(241)										
	Per Company		1,261					(315)										

Duke Energy Carolinas, LLC
Explanation of Accounting and Pro Forma Adjustments - Retail
For the Test Year Ended December 31, 2017
Docket No. 2018-319-E
(000's Omitted)

Adj. No.	Description	(1) Electric Operating Revenue	(2) Fuel Used in Electric Gen.	(3) Purchased Power and Net Interchge.	(4) Other O&M Expense	(5) Deprec. and Amort.	(6) General Taxes	(7) Income Taxes	(8) Amort. of ITC	(9) Cust. Growth	(10) Electric Plant in Service	(11) Accum. Deprec. and Amort.	(12) Materials and Supplies	(13) Working Capital	(14) Land Held for Future Use	(15) Accum. Deferred Taxes	(16) Oper. Resv.	(17) CWIP
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
21	Annualize O&M non-labor expenses																	
	Per ORS		0					0										
	Per Company		2,420					(604)										
22	Normalize O&M labor expenses																	
	Per ORS		(7,083)				643	1,607										
	Per Company		10,502				729	(2,802)										
23	Update benefits costs																	
	Per ORS		(1,816)					453										
	Per Company		(48)					12										
24	Levelize nuclear refueling outage costs																	
	Per ORS		(1,160)					289										
	Per Company		(1,160)					289										
25	Amortize rate case costs																	
	Per ORS		268					(67)						(728)		182		
	Per Company		770					(192)						2,949		(736)		
26	Adjust aviation expenses																	
	deferred costs																	
	Per ORS		(773)				(8)	195										
	Per Company		(773)				(8)	195										
27	OPEN																	
	Per ORS																	
	Per Company																	
28	Adjust for credit card fees																	
	Per ORS		2,517					(628)										
	Per Company		3,162					(789)										
29	Adjust O&M for executive																	
	compensation																	
	Per ORS		(134)					33										
	Per Company		(948)					237										
30	Adjust for Customer Connect Project																	
	Per ORS		0					1,063								0		
	Per Company		1,796					(1,452)								(896)		
31	Adjust vegetation management expenses																	
	Per ORS		4,878					(1,217)										
	Per Company		5,650					(1,410)										

Duke Energy Carolinas, LLC
Explanation of Accounting and Pro Forma Adjustments - Retail
For the Test Year Ended December 31, 2017
Docket No. 2018-319-E
(000's Omitted)

Adj. No.	Description	(1) Electric Operating Revenue	(2) Fuel Used in Electric Gen.	(3) Purchased Power and Net Interchge.	(4) Other O&M Expense	(5) Deprec. and Amort.	(6) General Taxes	(7) Income Taxes	(8) Amort. of ITC	(9) Cust. Growth	(10) Electric Plant in Service	(11) Accum. Deprec. and Amort.	(12) Materials and Supplies	(13) Working Capital	(14) Land Held for Future Use	(15) Accum. Deferred Taxes	(16) Oper. Resv.	(17) CWIP
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
32	Synchronize interest expense with end of period rate base Adjustment Per ORS Per Company							(2,934) (4,526)										
33	Adjust 1/8 O&M for accounting and pro forma adjustments Per ORS Per Company													(4,052) (6,752)				
34	Adjust for tax rate change Per ORS Per Company							(52,097) (52,097)								32,568 32,568		
35	Adjust deferred cost balance related to SC Grid Per ORS Per Company					1,181 3,356		(295) (837)						2,475 3,356		(618) (837)		
36	Remove Certain Expenses Per ORS Per Company							599 0										
37	Customer Growth Adjustment Per ORS Per Company									2,889 2,330								

Total Adjustments Per ORS	(71,633)	23,771	0	(56,183)	71,516	8,271	(84,724)	9	2,889	637,046	(40,121)	3,190	79,919	9,863	(13,199)	0	312,295
Total Adjustments Per Company	(119,836)	(27,433)	0	(26,582)	130,105	7,908	(107,478)	9	2,330	621,114	(41,013)	3,190	330,960	9,863	(74,301)	0	315,850
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)

Proposed Increase

38	Adjust Revenue, Taxes, and Customer Growth Per ORS Per Company	77,302 230,807				0 0	342 1,023	19,202 57,331		520 1,553								
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Total Adjustments Per ORS	77,302	0	0	0	0	342	19,202	0	520	0	0	0	0	0	0	0	0	0
Total Adjustments Per Company	230,807	0	0	0	0	1,023	57,331	0	1,553	0	0	0	0	0	0	0	0	0
	(R)					(S)	(T)		(U)									

Duke Energy Carolinas, LLC
Electric Plant in Service at Original Cost
Test Year Ended December 31, 2017
Docket No. 2018-319-E
(000's Omitted)

Description	Total Electric Total Company Per Books	South Carolina Retail		
		Per Books	Accounting Adjustments	As Adjusted
Production	\$ 20,770,049	\$ 4,961,737	\$ 419,695	\$ 5,381,432
Transmission	3,874,751	738,077	42,143	780,220
Distribution	11,345,730	2,901,033	132,760	3,033,793
General	1,122,460	269,162	31,739	300,901
Intangible Plant	<u>943,491</u>	<u>217,096</u>	<u>10,709</u>	<u>227,805</u>
Subtotal	\$ 38,056,481	\$ 9,087,105	\$ 637,046	\$ 9,724,151
Nuclear Fuel	<u>527,459</u>	<u>130,305</u>	<u>0</u>	<u>130,305</u>
Total Electric Plant in Service	\$ <u><u>38,583,940</u></u>	\$ <u><u>9,217,410</u></u>	\$ <u><u>637,046</u></u>	\$ <u><u>9,854,456</u></u>

Duke Energy Carolinas, LLC
Accumulated Depreciation and Amortization - Electric Plant in Service
Test Year Ended December 31, 2017
Docket No. 2018-319-E
(000's Omitted)

Description	Total Electric Total Company Per Books	South Carolina Retail		
		Per Books	Accounting Adjustments	As Adjusted
Production	\$ (8,267,617)	\$ (1,993,693)	\$ (32,112)	\$ (2,025,805)
Transmission	(1,403,966)	(268,419)	(1,075)	(269,494)
Distribution	(4,657,540)	(1,191,005)	(7,004)	(1,198,009)
General	(401,403)	(95,522)	2,211	(93,311)
Intangible Plant	<u>(544,150)</u>	<u>(127,262)</u>	<u>(2,141)</u>	<u>(129,403)</u>
Subtotal	\$ (15,274,676)	\$ (3,675,901)	\$ (40,121)	\$ (3,716,022)
Nuclear Fuel	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	\$ <u><u>(15,274,676)</u></u>	\$ <u><u>(3,675,901)</u></u>	\$ <u><u>(40,121)</u></u>	\$ <u><u>(3,716,022)</u></u>

Duke Energy Carolinas, LLC
Materials and Supplies
Test Year Ended December 31, 2017
Docket No. 2018-319-E
(000's Omitted)

Description	Total Electric	South Carolina Retail		
	Total Company		Accounting	
	Per Books	Per Books	Adjustments	As Adjusted
<u>Fuel Stock:</u>				
Coal	\$ 193,823	\$ 47,882	\$ 1,997	\$ 49,879
Oil	<u>35,478</u>	<u>8,765</u>	<u>365</u>	<u>9,130</u>
<u>Total Fuel Stock</u>	\$ 229,301	\$ 56,647	\$ 2,362	\$ 59,009
Other Electric Materials and Supplies and Stores Clearing	<u>780,728</u>	<u>177,163</u>	<u>828</u>	<u>177,991</u>
<u>Total Materials and Supplies</u>	\$ <u>1,010,030</u>	\$ <u>233,810</u>	\$ <u>3,190</u>	\$ <u>237,000</u>

Duke Energy Carolinas, LLC
Working Capital Investment
Test Year Ended December 31, 2017
Docket No. 2018-319-E
(000's Omitted)

<u>Description</u>	<u>Total Electric Total Company Per Books</u>	<u>South Carolina Retail</u>		
		<u>Per Books</u>	<u>Accounting Adjustments</u>	<u>As Adjusted</u>
12 Mths O&M (Excl PP & Nuclear Fuel)	\$ 3,085,907	\$ 731,480	\$ (32,412)	\$ 699,068
1/8 of O&M Expenses	385,738	91,435	(4,052)	87,383
Less: Average Taxes Accrued	<u>(193,735)</u>	<u>(79,853)</u>	<u>0</u>	<u>(79,853)</u>
<u>Subtotal: Investor Funds for Operations</u>	\$ <u>192,003</u>	\$ <u>11,582</u>	\$ <u>(4,052)</u>	\$ <u>7,530</u>
Required Bank Balance	300	70	0	70
Unamortized Debt Expense	113,935	26,437	0	26,437
Customer Deposits	(120,758)	(29,541)	0	(29,541)
Prepayments	15,298	3,634	0	3,634
Miscellaneous Deferred Debits and Credits	<u>(1,897,952)</u>	<u>(413,919)</u>	<u>83,971</u>	<u>(329,948)</u>
<u>Subtotal: Other Investor Funds</u>	\$ <u>(1,889,177)</u>	\$ <u>(413,319)</u>	\$ <u>83,971</u>	\$ <u>(329,348)</u>
<u>Total Working Capital Investment</u>	\$ <u><u>(1,697,174)</u></u>	\$ <u><u>(401,737)</u></u>	\$ <u><u>79,919</u></u>	\$ <u><u>(321,818)</u></u>

Duke Energy Carolinas, LLC
Operating Experience, Rate Base and Rate of Return Reflecting The Company's Proposed Increase
Total and Retail Electric
For the Test Year Ended December 31, 2017
Docket No. 2018-319-E

		TOTAL ELECTRIC - NC & SC		(000's Omitted)					
		(1)	(2)	(3)	(4)	(5)	(6)		
		Total Company	SC	ORS	After ORS	Company	After		
Line No.	Description	Per Books	Retail Per Books	Accounting & Pro Forma Adjustments	Accounting & Pro Forma Adjustments	Proposed Increase	Proposed Increase		
1	<u>Operating Revenues</u>	\$ 7,315,231	\$ 1,733,770	(71,633)	\$ 1,662,137	\$ 230,807	(R)	\$ 1,892,944	
2	<u>Operating Expenses:</u>								
3	Fuel Used in Electric Generation	\$ 1,473,809	\$ 338,575	23,771	\$ 362,346	0	\$ 362,346		
4	Purch. Pwr. & Net Interch. (Non-Fuel)	348,770	85,559	0	85,559	0	85,559		
5	Other O&M Expenses	1,920,225	469,026	(56,183)	412,843	0	412,843		
6	Depreciation & Amortization	1,134,170	251,518	71,516	323,034	0	323,034		
7	General Taxes	277,321	85,270	8,271	93,541	1,023	(S)	94,564	
8	Interest on Customer Deposits	8,500	1,023	0	1,023	0	1,023		
9	Income Taxes	618,934	149,043	(84,724)	64,319	57,331	(T)	121,650	
10	Amort. of Investment Tax Credit	(5,298)	(1,265)	9	(1,256)	0		(1,256)	
11	<u>Total Operating Expenses</u>	\$ 5,776,431	\$ 1,378,749	(37,340)	\$ 1,341,409	\$ 58,354		\$ 1,399,763	
12	<u>Operating Income</u>	1,538,800	355,021	(34,293)	320,728	172,453		493,181	
13	<u>Customer Growth</u>	0	0	2,889	2,889	1,553	(U)	4,442	
14	<u>Net Operating Income for Return</u>	\$ 1,538,800	\$ 355,021	(31,404)	\$ 323,617	\$ 174,006		\$ 497,623	
15	<u>Rate Base:</u>								
16	Gross Plant in Service	\$ 38,056,481	\$ 9,087,105	637,046	\$ 9,724,151	0	\$ 9,724,151		
17	Accum. Depr. & Amort.	(15,274,676)	(3,675,901)	(40,121)	(3,716,022)	0		(3,716,022)	
18	Net Plant in Service	22,781,805	5,411,204	596,925	6,008,129	0		6,008,129	
19	Materials & Supplies	1,010,030	233,810	3,190	237,000	0		237,000	
20	Working Capital Investment	(1,697,174)	(401,737)	79,919	(321,818)	0		(321,818)	
21	Plant Held for Future Use	14,835	3,974	9,863	13,837	0		13,837	
22	Nuclear Fuel	527,459	130,305	0	130,305	0		130,305	
23	Accumulated Deferred Taxes	(3,428,625)	(877,452)	(13,199)	(890,651)	0		(890,651)	
24	Operating Reserves	(343,589)	(82,616)	0	(82,616)	0		(82,616)	
25	Customer Deposits	0	0	0	0	0		0	
26	Construction Work In Progress	156,599	36,872	312,295	349,167	0		349,167	
27	<u>Total Rate Base</u>	\$ 19,021,340	\$ 4,454,360	\$ 988,993	\$ 5,443,353	\$ 0		\$ 5,443,353	
28	<u>Rate of Return</u>	8.09%	7.97%		5.95%			9.14%	
29	<u>Return on Common Equity</u>		10.93%		7.28%			13.31%	